

20<sup>th</sup> April 2021

The National Insurance Brokers Association (**NIBA**) welcomes the opportunity to provide comments on the Australian Financial Complaints Authority (**AFCA**) draft engagement charter (**the charter**).

As the peak representative body for the intermediated insurance industry in Australia, NIBA represents more than 15,000 brokers across 450 member firms, all of which are required to hold AFCA membership.

NIBA supports the creation of an Engagement Charter to provide clarity to complainants, their representatives, and financial firms as to their rights and obligations as members of AFCA or as users of AFCA's services.

NIBA believes the expectations of financial firms outlined in the charter are appropriate as they reflect community expectations. NIBA does not expect the charter to alter the way our members engage with AFCA, or foresee any unintended burden imposed on financial firms as a result of its introduction. However, NIBA would like to offer the following observations and suggestions.

### **Acknowledgment of Complainant Obligations**

To streamline the complaints process and ensure that complainants are aware of what is expected from them during the complaint process, NIBA recommends that the expectations for complainants be integrated into the complaint process.

Specifically, complainants should be required to confirm that they understand what is expected of them under the charter, that the information they provide is accurate to the best of their knowledge and that they believe the complaint to be legitimate.

If the complainant nominates another individual as the contact person, the same should apply to their representative. Importantly, consumers should be made aware that breaches of this charter by their representative could impact their complaint. This is especially important for complainants who nominate an informal representative, who may also be unfamiliar with the AFCA process.

## **Fairness**

NIBA notes that the charter repeatedly states that AFCA will follow principles of fairness when making its' decisions. However what AFCA considers to be fair is yet to be defined. While NIBA notes that this charter is in itself part of AFCA's project to provide clarity on this issue, NIBA questions the appropriateness of consulting on documents before overarching principles of fairness have been discussed and agreed.

NIBA is concerned that the inclusion of these terms without appropriate explanation as to their meaning in this context could be misleading for complainants as the concept of fairness is highly subjective.

## **Reporting**

To maintain transparency and faith in the charter as an agreement between AFCA, financial firms and complainants, AFCA and the Independent Assessor should publish the number of service delivery complaints they receive in relation to breaches of the charter by AFCA.

NIBA also supports the reporting of charter breach incidences by complainants, representatives and financial firms to reassure all participants that breaches of the charter will be appropriately dealt with.

Thank you once again for the opportunity to provide these comments.

Dallas Booth  
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National Insurance Brokers Association